

CIA/OER/S-07529-75
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Approved For Release 2002/02/19 : CIA-RDP80-0006000600040005-8
OIL EXPLORATION IN YELLOW & EAST CHINA SEA
01 OF 01

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MEMORANDUM FOR: Mr. James Carnes
OASD/ISA/IEA
Department of Defense

SUBJECT : Oil Exploration in Yellow and
East China Sea

In response to your 9 May request we are forwarding the attached material on off-shore oil exploration in the Yellow and East China Seas for use by the Deputy Assistant Secretary of Defense for International Economic Affairs, Dr. Roger E. Shields. Several oil companies are presently operating in the area, although territorial disputes has held up exploration in numerous concessions. Please contact us if you have any further questions on this or any related subjects.

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Chief, [REDACTED] Pacific Branch
Industrial Nations Division
Office of Economic Research

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Attachment:
As stated

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EAST ASIAN OIL CONCESSIONS

Since 1968, when a geophysical survey of the Yellow and East China Seas revealed that the underlying seabed may contain petroleum, the East Asian Continental Shelf has become the scene of one of the great oil hunts on earth. Thirteen oil companies are either exploring or drilling, or negotiating for the right to do so, in some 16 hastily granted, often overlapping exploration concessions that stretch in an unbroken chain from the Yellow Sea to the southern tip of Taiwan in the Formosa Strait.

There are some indications that the shelf contains petroleum reserves on the order of those of the Persian Gulf; indeed, the Chinese have brought in a well in Po Hai, the North Vietnamese have reportedly struck oil off Haiphong on the southern margin of the shelf, and Gulf Oil has a producing exploratory well just northwest of Taiwan in the East China Sea. But before the still unknown petroleum wealth of the shelf can be fully developed, one major question must be resolved: How much of the shelf can each of the five nations that share it legally claim?

China, Japan, North Korea, South Korea, and Taiwan -- using one or more of a variety of international laws, all open to a variety of interpretations -- have laid claim to general or specific portions of the shelf. The resulting gross overlapping of claims has led to warnings and threats from time to time, however, some efforts to cooperate have been made. Japan and South Korea, for example, have formulated an agreement to develop jointly the areas of the shelf they mutually claim.

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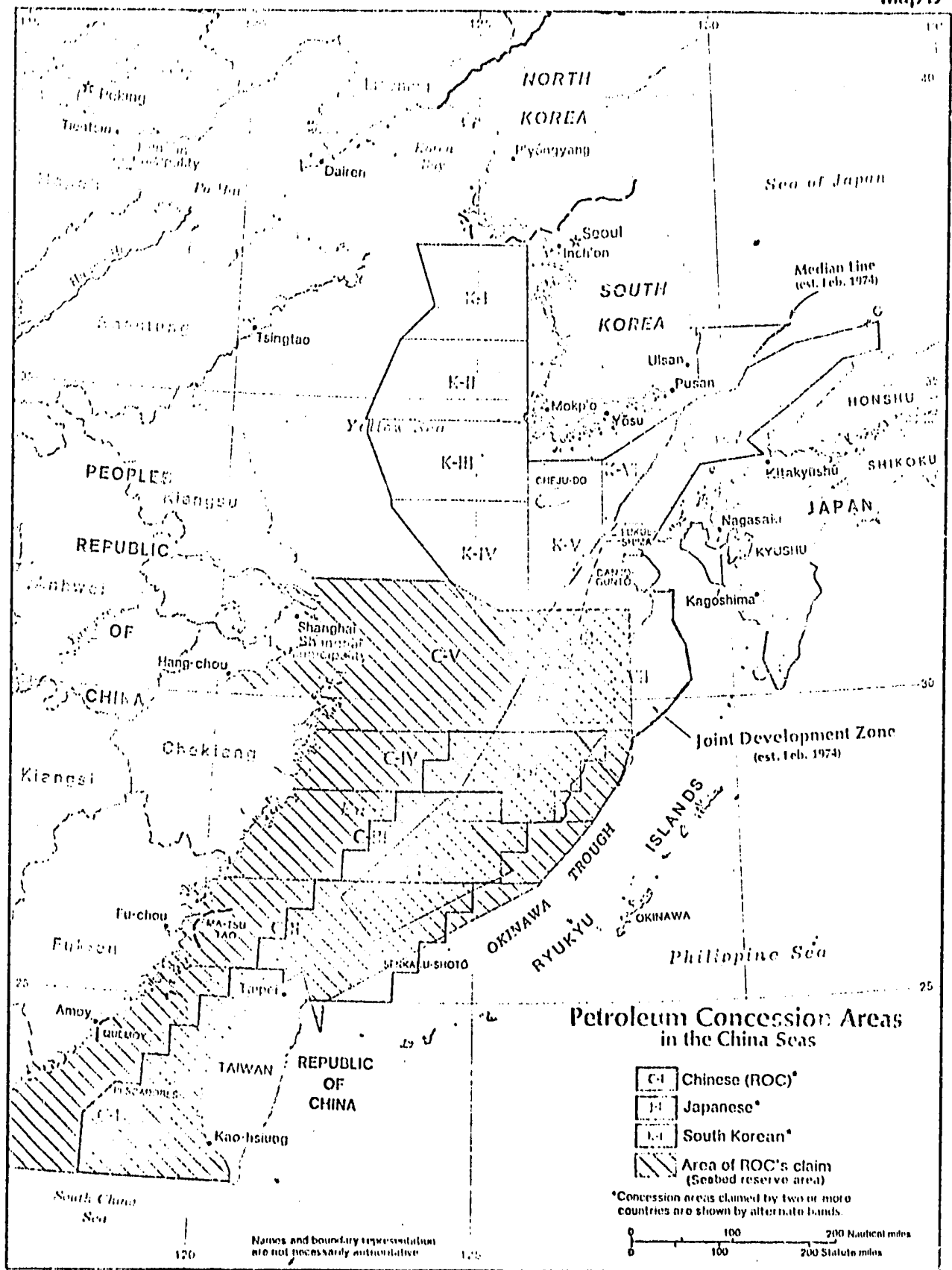
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Japan and Taiwan are said to have at least discussed a similar agreement, and China and North Korea have agreed to cooperate in the exploration of the northern Yellow Sea Shelf.

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Map B



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~~CONFIDENTIAL~~OFF-SHORE OIL EXPLORATION
IN YELLOW AND EAST CHINA SEA

<u>MAP INDEX DESIGNATION</u>	<u>CONCESSION</u>	<u>COMMENTS</u>
<u>TAIWAN</u>		
C-I	Amoco	1. Amoco in joint venture with Conoco; offshore gas discovered in 1974. 2. Chinese Petroleum Company, Exploration offshore from Tai-nan.
C-II	Gulf	1. Gulf exploration 30-35 miles off northern coast of Taiwan. Drilling rig will be relocated elsewhere Zone C-II or leased to Amoco for use in Zone C-I, within next few months if drilling proves unsuccessful.
C-III	Oceanic	1. No exploration underway.
C-IV	Clinton	1. Clinton superior - recently abandoned plans to drill in area reflecting territorial dispute involving PRC.
C-V	Open	1. Exploration in area has been proposed by Gulf/Zapata under Korean concession. Boundary dispute, however, is holding up actual drilling.
<u>SOUTH KOREA</u>		
K-I	Socal/Texaco	1. No exploration currently underway.
K-II	Gulf	1. Exploration at least temporarily canceled following unsuccessful drilling in 1974.
K-III	Shell	1. No exploration currently underway.

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<u>MAP INDEX DESIGNATION</u>	<u>CONCESSION</u>	<u>COMMENTS</u>
<u>SOUTH KOREA (cont)</u>		
K-IV	Gulf	1. Drilling plans postponed pending arbitration of boundary dispute.
K-V	Socal/Exaco	1. No exploration currently underway.
K-VI	Shell	1. Concession reportedly 'farmed out' to Pecten Oil Company. Exploratory drilling to begin within next months.
K-VII	Wendell/Phillips	1. No exploration currently underway.
<u>JAPAN</u>		
J-I-IV		1. Not available.
<u>CHINA</u>		
	Not available	1. The People's Republic of China has been successful in discovering off-shore deposits in the Po Hai Gulf. Further off-shore exploration is reportedly underway near Shanghai and Tsing Tao.

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